

103 KAR 28:170. Sales of dirt and sod.

RELATES TO: KRS 139.010, 139.200, 139.480

STATUTORY AUTHORITY: KRS 131.130(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations necessary for the administration and enforcement of all tax laws in Kentucky. This administrative regulation establishes the requirements for applying sales tax to the sales of dirt or sod and the purchases of farm machinery used in the production of sod as a business.

Section 1. Definition. "Farm machinery" is defined in KRS 139.480(11).

Section 2. Dirt or sod sold while attached to real estate and immediately severed shall be considered tangible personal property and shall be subject to sales and use tax.

Section 3. Farm Machinery. Persons regularly engaged in raising sod as a product for sale shall be considered to be tilling the soil for the production of crops as a business as provided in KRS 139.480(11). Farm machinery used exclusively and directly in the production of sod as a business shall be purchased exempt from tax if the purchaser issues a Farm Exemption Certificate, Revenue Form 51A158, which is incorporated by reference in 103 KAR 3:020, to the seller at the time of purchase.

Section 4. (1) This administrative regulation shall replace Revenue Policy 51P110.

(2) Revenue Policy 51P110 is hereby rescinded and shall be null, void and unenforceable. (33 Ky.R. 2809; 3154; eff. 5-4-2007; TAm eff. 6-22-2016.)